



One NSTAR Way  
Westwood, Massachusetts 02090

January 20, 2006

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, MA 02110

Re: Arrearage Management Programs- D.T.E. 05-86

Dear Ms. Cottrell:

On December 1, 2005, the Department of Telecommunications and Energy (the "Department") issued an Order Opening Investigation Into Standards for Arrearage Management Programs for Low-Income Customers, D.T.E. 05-86. The order directed each gas and electric distribution company to file by December 30, 2005, an arrearage management program with the Department for its approval. In compliance with this directive, Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company, d/b/a NSTAR Electric and NSTAR Gas Company (together "NSTAR" or the "Company") filed on December 30, 2005 a copy of its Arrearage Forgiveness Program ("AFP"). The AFP was filed initially with the Department on December 6, 2005, in conjunction with a comprehensive rate settlement (the "Settlement") between the Company, the Attorney General, Associated Industries of Massachusetts and the Low-Income Energy Affordability Network (see NSTAR Electric/NSTAR Gas, D.T.E. 05-85 (Exhibit NSTAR-23 (Settlement))). The AFP was approved by the Department on December 30, 2005, along with the remainder of the Settlement.

In order to facilitate the Department's review of arrearage management programs in the context of this proceeding, the Company is pleased to provide the Department with additional information regarding its AFP. First, each eligible, low-income customer who is participating successfully in the AFP will receive a credit against their arrearage when the eligible customer makes a payment on time (see AFP, § II). Therefore, because the Company bills customers monthly, the Company envisions that credits will be made as appropriate on a monthly basis.

The credit will be a fraction of the eligible customer's total arrearage, based on the number of months of the customer's arrearage repayment term (which may be up to 36 months), with the total credit per year not to exceed \$599 (see AFP, § II). For example, an eligible customer who is participating successfully in the AFP pursuant to a 36-month payment plan will be credited monthly with an amount equivalent to 1/36 of the customer's arrearage, not to exceed \$599 per year. NSTAR is not requiring eligible Customers to make a down payment to participate in the AFP; however, an eligible customer must pay the current bill amount when due, along with the agreed-upon monthly payment on the customer's arrearage (*id.*). As noted in the Company's December 30, 2005 filing in this proceeding, the AFP is consistent with Sections 17(a) and 17(b) of Chapter 140 of the Acts of 2005.



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The Eligibility Criteria for the AFP include requirements that the customer must have a minimum dollar amount of arrears (\$300 on gas arrears or \$100 in electricity arrears), along with other conditions of participation (see AFP, § III). For those customers who are not eligible to participate in the AFP, the Company's traditional payment plans are available to assist them. These traditional payment plans are consistent with Section 17(b) of Chapter 140 of the Acts of 2005 in that they include repayment terms of not less than 4 months and will not require a participating customer to pay more than 25 percent down on his or her arrearage.

Thank you for the opportunity to provide additional information about NSTAR's AFP. Please contact me if you have any further questions regarding the program.

Sincerely,

A handwritten signature in cursive script that reads "Kerry Britland".

Kerry Britland  
Government Affairs Specialist

cc: Elizabeth Cellucci, Hearing Officer  
Joseph Rogers, Assistant Attorney General  
Colleen McConnell, Assistant Attorney General  
Jerrold Oppenheim, LEAN  
Charles Harak, NCLC